Government of the Northwest Territories
Annual Business Plan
2012-2013

1. INTRODUCTION

This annual business plan is an integral part of overall planning within the Government of the Northwest Territories (GNWT). It describes the activities the government plans to undertake in the upcoming fiscal year.

The annual business plan provides details on the activities that each department has planned for the upcoming fiscal year and reports some of the results to date. Departmental plans include a brief discussion on emerging issues that may directly affect their program and service delivery. Detailed information on fiscal position and proposed budget for the upcoming fiscal year is provided as well as details on the specific work that each department plans to undertake in the upcoming fiscal year to advance their program and service initiatives and respond to the priorities of the Legislative Assembly. An overview of infrastructure investments and legislative initiatives that the department has planned for the upcoming fiscal year is also provided along with an overview of human resources and information systems and management.

This annual business plan provides details on the activities that will be undertaken during 2012-13 to advance the vision, goals and priorities that the Members of 17th Legislative Assembly agreed upon. The vision, goals and priorities were developed under the theme of *Believing in People and Building on the Strengths of Northerners* and are presented below.

Vision

Strong individuals, families and communities sharing the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories

Goals

- A strong and independent north built on partnerships
- An environment that will sustain present and future generations
- Healthy, educated people free from poverty
- A diversified economy that provides all communities and regions with opportunities and choices
- Sustainable, vibrant, safe communities
- Effective and efficient government

Priorities

Build a strong and sustainable future for our Territory by strengthening our relationships with Aboriginal and other northern governments, negotiating and implementing a devolution final agreement, achieving an increase to our borrowing limit, and working with our partners to ensure responsible stewardship through our land and resource management regime.

Increase employment opportunities where they are most needed by decentralizing more GNWT positions, reducing dependency on government by encouraging people who are able to enter or remain in the workforce, and supporting child care programs to help parents become or stay employed.

Strengthen and diversify our economy by making strategic infrastructure investments such as the Inuvik-Tuktoyaktuk highway, the Mackenzie Fiberoptic Link, and hydro initiatives, supporting the Mackenzie Gas Pipeline project, developing a socially responsible and environmentally sustainable economic development and mining strategy, supporting the traditional economy, and improving our regulatory processes.

Address housing needs by completing and implementing the Shelter Policy Review including fair and sustainable public housing rent scales, selling our public housing stock where this makes sense, and putting higher density housing units in small communities.

Ensure a fair and sustainable health care system by investing in prevention, education and awareness and early childhood development, enhancing addictions treatment programs using existing infrastructure, and addressing our health facilities deficit.

The GNWT is undertaking many activities and actions that are designed to advance these priorities. Cabinet has established seven Committees-of-Cabinet to coordinate those activities that are cross-departmental, cross-government or broader than cross-government.

The seven Committees-of-Cabinet and their objectives are listed here below:

Economic and Employment Development Committee-of-Cabinet to review evaluate and offer recommendations on matters concerning economic and employment development in the NWT, including attempts to diversify the economy and improving residents' work skills and employability.

Social Envelope Committee-of-Cabinet to consider, evaluate and provide advice to Cabinet and the Financial Management Board (FMB) on a range of actions designed to promote, preserve and help manage the long-term health and social well-being of NWT residents.

Managing This Land Committee-of-Cabinet to promote a corporate approach to land use and water management consistent with established Cabinet direction.

Ministerial Energy Coordinating and Climate Change Committee-of-Cabinet to ensure a focused, coordinated, government-wide approach to the development and implementation of both energy policies and actions designed to address climate change.

Infrastructure Committee-of-Cabinet to review and evaluate current GNWT infrastructure planning, acquisition and delivery policies, approaches and mechanisms to ensure a clear and consistent corporate perspective on the planning and acquisition of infrastructure through transparent collaboration.

Priorities and Planning Committee-of-Cabinet to track and monitor the government's progress in addressing the five key priorities that were established by the Caucus of the 17th Legislative Assembly in November 2011.

Refocusing Government Committee-of-Cabinet to propose, track, monitor and evaluate the government's efforts and initiatives related to improving programs and services.

As noted above, this annual business plan provides further details on the specific activities the GNWT plans to undertake in 2012-13 to advance the priorities of the 17th Legislative Assembly.

2. Emerging Issues

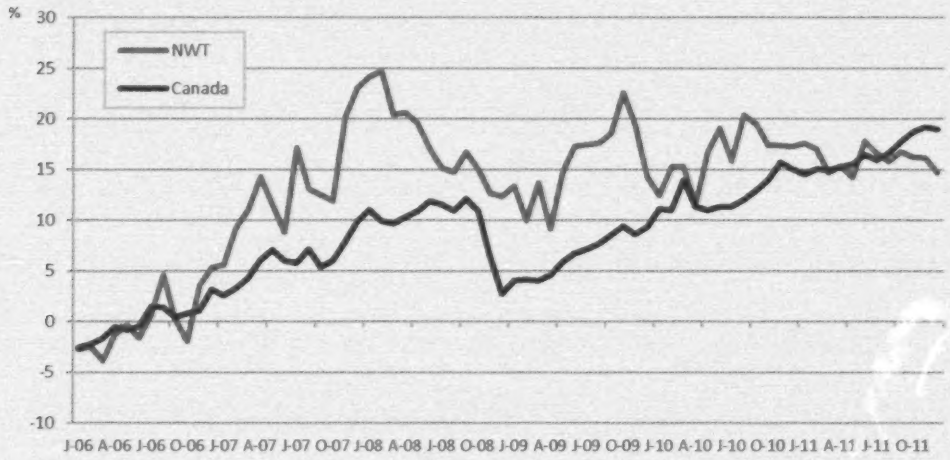
Economic conditions

The territory has experienced limited economic growth in recent years and has been impacted by the global recession, after a number of years of unprecedented economic growth with the development of the diamond industry and the potential presented by the proposed development of the Mackenzie Gas Project. The impact on mining, oil and gas exploration activities has also impacted other industries like transportation and other service industries.

Overall investment spending in the Northwest Territories has declined in the last five years, particularly private investment in mining and oil and gas development. Mineral exploration expenditures have also been on the decline in the NWT which saw its part drop from 6.8% of the Canadian total in 2007 to 2.2% in 2011. On the other hand, public investment was higher than historical levels in the past two years because of stimulus funding and the Deh Cho Bridge project which is expected to be completed this fall.

In many ways, the impact of the recession followed a similar pattern in the Northwest Territories and the rest of Canada. There were sharp drop-offs in late 2008, with signs that conditions levelled in early 2009 and began to recover. The economy of the NWT grew modestly in 2010 and 2011 but has not yet recovered to its 2007 pre-recession activity level. Diamond production, which is the main private sector economic activity, declined by 7.1% in 2011 and is approximately 40% lower than it was back in 2007. The following figure shows the percentage change in retail trade since 2006 for the Northwest Territories and Canada.

Change in Retail Trade Since 2006, NWT and Canada

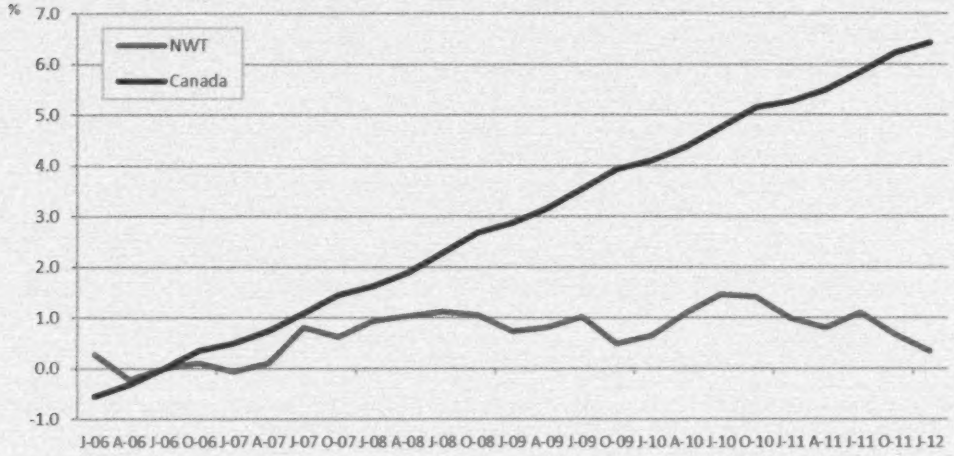


While the real gross domestic product (GDP) for the Northwest Territories declined last year, brighter prospects are expected for this year and the next. Diamond production is expected to ramp-up and private investment spending is anticipated to jump up, resulting in an increase in real GDP growth this year.

Population

While overall population growth in the Northwest Territories has been flat, there have been significant changes in age structure that are likely to continue. The number of residents 60 years of age and over is expected to increase by 27% during the next four years. There has been a trend towards urbanization. Between 2001 and 2010 the Aboriginal population in Yellowknife grew by almost 18%, by 7.6% in the regional centres and only 1.2% in smaller communities. Overall, migration is now the most critical component of population growth in the territory. The following figure shows the percentage change in population since 2006 for the Northwest Territories and Canada.

Change in Population Since 2006, NWT and Canada



The lack of growth in the territorial population has a direct relationship with economic growth, as well as significantly impacting the Territorial Financing Formula with the Government of Canada.

Employment

The relationship between changes in population and economic activity is reflected in recent employment trends. Overall employment rates declined significantly in the Northwest Territories with the recent recession but are now recovering. The Conference Board of Canada forecasts employment in the Northwest Territories to increase in by 3.6% this year, and another 4% in 2013.

The overall employment rate in the Northwest Territories is and has been higher than the average employment rate for Canada. Despite good overall employment rate, there are significant variations in employment rates within the territory depending on community type and education levels. This disparity is a continuing challenge. While the territorial employment rate in 2009 was 66%, the average employment rate in smaller communities was only 47%. Employment rates for those who have graduated high school are almost double the rates of those that have not completed high school, regardless of ethnicity, geography or gender.

Social Conditions

Social conditions in many areas have shown improvements in recent years. However, it is clear that much more needs to be done.

With 55% of households in smaller communities having some sort of housing problems, and 24% of households in larger communities, improving housing conditions is an important priority for the 17th Legislative Assembly. A broad based examination of housing in the Northwest Territories that was started during the last Legislative Assembly has resulted in the development of a strategic framework, *Building for the Future*, which will guide the government's actions aimed at improving housing conditions.

Education levels have been improving over the last years. High school graduation rates in the Northwest Territories, and in particular graduation rates for Aboriginal students, have improved although they still lag behind the average graduation rate in Canada by about 20%. The gap in results between Aboriginal and non-Aboriginal students is still apparent.

Life expectancy in the NWT is 6 years lower than the Canadian average and the NWT lags behind Canada on many indicators of general health. Physical activity levels in the NWT are a health concern, similar to elsewhere in Canada. Some 63% of NWT residents 15 years of age and older are overweight or obese, compared with 51% of Canadians and fewer NWT residents eat healthy amounts of fruits and vegetables than do residents in general in Canada.

The 2009 NWT Addictions Survey shows that the high rate of substance use continues to be a concern across the Territory. Substance abuse can lead to mental health issues, with 58% of hospitalizations for mental illness caused by substance related disorders. As evidenced in the latest NWT Health Status Report, a high incidence of mental health challenges in our population continues to be a problem. Also, the suicide rate in the Northwest Territories is 65% higher than the Canadian average.

The crime rate in the NWT is about six times the national average and the gap between the territory and Canada has been widening over the past decade. Crime in the Northwest Territories is driven largely by socio-economic factors, including addictions and mental health issues, family violence and dysfunction, poverty, homelessness, low literacy and education levels, and low employment prospects. Mischief, disturbing the peace and administration of justice offences, which are often related to abuse of alcohol, represent the overwhelming majority of criminal incidents reported to police. Increases in the violent crime rate over the last ten years are troubling, although they constitute a smaller proportion of overall crime.

There is a very strong correlation between social issues and households with low income and there is still considerable disparity in income distribution by community type although the situation has improved, particularly in smaller communities. Overall, 15.6% of households in the Northwest Territories have total annual household income under $30,000. Of these low income households, 16% live in Yellowknife, 26% live in one of the regional centers of Hay River, Inuvik or Fort Smith, and 58% live in smaller communities. The government is committed to working collaboratively with stakeholders to develop a plan to reduce poverty in the Northwest Territories that is expected to be brought to the Legislative Assembly by the end of the year.

Governance

Governance is continuing to evolve with the signing of the agreement in principle on devolution of the administration and management of public lands from the federal government to the GNWT. Devolution provides new opportunities for NWT governments, both public and Aboriginal, to work together to ensure that land use, natural resource stewardship, and regulatory improvement are managed in the best interests of NWT residents.

Concluding land, resources and self-government agreements is an essential element of the political evolution of the NWT, an opportunity to right historic wrongs, and, when completed, will be the foundation for economic and political stability in the NWT.

Environment

The GNWT faces continuing land use challenges and there is an on-going need to balance protecting our environment with preserving future economic opportunities. Sustainable development of the territory's natural resources and the conservation and protection of its wildlife, forest, land and water resources need to go hand in hand. Environmental stewardship and management of natural resources is a shared responsibility in the Northwest Territories. Our decisions need to be guided by a long-term vision that ensures territorial residents enjoy the benefits of the land and its resources for generations to come. An important tool to help guide the GNWT deal with land use matters in a consistent way based on clear interests is the territorial Land Use and Sustainability Framework which is expected to be released this year.

Infrastructure

Territorial infrastructure has been improved and expanded, but cost escalations and sunsetting federal funding continue to present challenges. A number of Federal cost sharing programs are coming to an end and the decline of funding from these programs will result in the return of our capital budget back to the pre-recession levels which will not meet our on-going infrastructure investment needs and address our deferred maintenance deficit.

A new increased borrowing limit will help the GNWT to fund some infrastructure priorities in the last two years of the 17th Assembly and still manage its finances responsibly. The 17th Legislative Assembly has identified as a priority investments in the Inuvik-Tuktoyaktuk highway, the Mackenzie Valley Fiberoptic link and hydro initiatives.

3. RESPONDING TO PRIORITIES

This section provides a summary of specific GNWT activities that respond to and advance the priorities of the 17th Legislative Assembly. Some of these are new strategic activities whereas others are part of the government's on-going business, but they all directly support the priorities of *Believing in People and Building on the Strength of Northerners*. More details on these activities are included in the 2012-13 departmental business plans. These tables are only summaries and do not reflect all activities being undertaken by the GNWT.

Priority: Build a strong and sustainable future for our Territory

Priority Actions	Activities
○ Strengthening our relationships with Aboriginal and other northern governments	○ Develop and coordinate the implementation of a comprehensive Aboriginal Government Engagement Strategy with a view to building and maintaining mutually respectful relations and advancing territorial priorities. ○ Continue to make progress in finalizing land, resources and self-government agreements that are workable, affordable and respectful of Aboriginal rights, and ensure that all GNWT obligations within the agreements are met. ○ Foster close relationships with Aboriginal and community governments through training and support programs to help build confident and capable Aboriginal and community governments. ○ Partner with community and Aboriginal governments to strengthen program and service delivery where possible.
○ Negotiating and implementing a devolution final agreement	○ Ongoing preparation and participation in negotiation tables and the coordination of intergovernmental planning for implementation.
○ Achieving an increase to our borrowing limit	○ New borrowing limit increased to $800 million. Continue to work with Finance Canada on defining what constitutes "debt" for the purposes of application against the GNWT borrowing limit.
○ Working with our partners to ensure responsible stewardship through our land and resource management regime	○ Coordinate GNWT interests in land use matters and finalize a Territorial Land Use Framework. ○ Provide advice and legal support through the Aboriginal Consultation unit to meet the GNWT's legal obligation in a coordinated and consistent manner. ○ Participate with partners in variety of activities including: regional land use planning, the NWT Protected Areas Strategy, Mineral and Energy Resource Assessments, the NWT Water Stewardship Strategy, the Green House Gas strategy, developing a new Wildlife Act, the NEB's review of Arctic Safety and Environmental Offshore Drilling, and the Traditional Knowledge Implementation Plan.

Priority: Increase employment opportunities where they are most needed

Priority Actions	Activities
○ Decentralizing more GNWT positions	○ As part of planning for devolution implementation, consideration will be given to overall organizational design for the GNWT and in particular, location of new positions being established.
○ Reducing dependency on government by encouraging people who are able to enter or remain in the workforce	○ Income Security Policy Framework and Income Security programs encourage people to pursue activities that lead to self-reliance. ○ Develop action plan in response to recommendations from Adult Literacy and Basic Education Review to better assist adults to acquire skills needed for self-reliance. ○ Work with partners to implement NWT Labour Force Development Framework to address training needs in regions and communities. ○ Develop an NWT Anti-poverty strategy based on the priorities of the 17th Assembly. ○ Maximize northern employment, training, community wellness and business benefits through socio-economic agreements from industry. ○ Implement changes to the Public Housing Rent Scales to reduce the disincentive to work. ○ Support employment and training in small communities (Small Community Employment Supports Program)
○ Supporting childcare programs to help parents become or stayed employed	○ Provide early childhood development programs and services. ○ Child Care Subsidies financially assist parents with the cost of childcare while parents are working, attending school or taking training.

Priority: Strengthen and diversify our economy

Priority Actions	Activities
o Making strategic infrastructure investments such as:	
- The Inuvik-Tuktoyaktuk Highway	o The highway will support the development of the oil and gas industry and enable economic diversification. The construction and ongoing maintenance of the highway will provide economic opportunities, long term jobs for the region and increased tourism.
- Mackenzie Valley Fiberoptic Link	o Submitted business case analysis to P3 Canada for consideration under the P3 Canada Fund and continue to assess the viability of the project under a P3 procurement approach.
- Hydro Initiatives	o The draft Hydro Strategy includes environmental, engineering and financial analysis as well as alternative energy – solar, wind, biomass, geothermal
o Supporting the Mackenzie Gas Pipeline project	o Coordinate GNWT response to the challenges and opportunities that will be generated through the development, including those related to the MGP socio-economic agreement and construction phase. o Provide contribution funding to the Aboriginal Pipeline Group to support their one-third ownership interest. o Coordinate and implement GNWT responsibilities in regards to legislated regulatory processes. o The Mackenzie Valley Highway will share the corridor with the MGP. It will improve project feasibility and mitigate risks associated with project. It will also support the expansion of oil and gas activities, hydro and tourism opportunities.
o Developing a socially responsible and environmentally sustainable economic development and mining strategy (3)	o Existing components that could support an economic development and mining strategy include: Tourism 2015, SEED (Support to Entrepreneurs and Economic Development), Geosciences Programs, Diamond Policy Framework and socio-economic agreements.
o Supporting the traditional economy	o Current programs and activities that promote and support the traditional economy include: - Take a Kid Trapping, Genuine Mackenzie Valley Fur Price Program, Community Harvesters Assistance Program etc. - Aboriginal Language and Culture-Based Education Programs and contribution programs that support traditional art, culture and heritage activities. - Traditional Knowledge Implementation Plan, Caribou Management Strategy, Wildlife Act, support for Wildlife Co-management regimes. - Provide wellness funding to support on-the-land activities related to community wellness.
o Improving our regulatory processes	o Coordinate GNWT participation and input in Regulatory Improvement Initiatives to provide a strong policy base for negotiation of a Final Devolution Agreement. This includes amendments to the Mackenzie Valley Resource Management Act and development of NWT Surface Rights Board Act. o Coordinate and participate in environmental assessment and regulatory process. Monitoring, mitigation and adaptive management as required.

Priority: Address housing needs

Priority Actions	Activities
o Completing and implementing the Shelter Policy Review including fair and sustainable public housing rent scales	o The strategic framework for housing to be finalized including actions associated with: - Strengthening public housing including implementing new public housing rent scales. - Improving homeownership supports including examining eligibility criteria and strengthening homeownership repair programs. - Addressing other aspects of the housing continuum like housing supply and adequacy in non-market communities, strengthening the approach to homelessness, and improving housing services. - Addressing the declining CMHC funding for operating social housing.
o Selling our public housing stock where this makes sense	o Continue to support homeownership and modernize the public housing stock by providing public housing tenants the opportunity and support to purchase their unit. o Continue to work with communities and other partners to ensure land availability for housing development and continue to address the issue of the transfer Commissioner's Land to the NWTHC in fee simple title to facilitate the sale of public housing stock.
o Putting higher density housing units in small communities	o Continue with the strategy of replacing older single detached units with the construction of multi-family units in the public housing portfolio wherever possible. o In addition to higher density housing units, continue to work with partners to improve energy efficiency and the availability of alternative energy programs within the housing sector.

Priority: Ensure a fair and sustainable health care system

Priority Actions	Activities
o Investing in prevention, education and awareness and early childhood	o Carry out health promotion and prevention activities including interventions and public messaging on physical activity, healthy eating, mental health and addictions, tobacco reduction and cessation, injury prevention and high-risk sexual activity. For example: Don't be a Butthead, Drop the Pop, Arrive Alive, Healthy Choices, Get Active. o Partner with communities to develop culturally appropriate child development and prenatal programs. o Strengthen integrated case management to provide better assessment, treatment and aftercare services for at-risk youth and adults. Examine multi-disciplinary, multi-agency approaches to identifying and implementing longer-term social supports for some offenders to prevent re-offending and to address underlying health or social issues. o Raise awareness and reduce occurrence of family violence and elder abuse. o Develop Mental Health and Addictions Action Plan to ensure access to comprehensive mental health and addictions services by: - Increasing public understanding of mental health and addictions - Integrating MHA programs into primary community care; and - Improving access to services and increasing accountability
o Enhancing addictions treatment programs using existing infrastructure	o Improve access to treatment using a variety of community-based approaches including day treatment programs, on-the-land healing programs, and school-based community access programs.
o Addressing health facilities deficit	o Make strategic investments into critical and acute care facilities to meet standards related to infection control and allow for ongoing delivery of effective and safe patient care. Continue to replace/renovate aging health infrastructure through capital planning process.

4. Fiscal Position and Budget

Fiscal Overview

The GNWT's fiscal strategy has allowed the GNWT to take steps to mitigate the decline in economic activity in the NWT while preserving its own fiscal position. This has allowed the GNWT to invest $1.1 billion in infrastructure and $200 million in strategic and energy investments over the past four years. For 2012-13 and onward, the GNWT is aiming for conservative growth of 3 per cent per year, excluding any increases to compensation and benefits. The GNWT share of the capital budget will be held at $75 million starting from 2012-13. The proposed 2012-13 Operations Expenditures support this fiscal strategy.

The draft 2012-13 Annual Business Plans propose Operations Expenditures totalling $1.408 billion. This represents growth of about 5.20% from the 2011-12 Main Estimates. After factoring in increases related to changes to accounting treatment, net new growth from the 2011-12 Main Estimates is 2.91%.

The proposed 2012-13 Operations Expenditures includes $32.3 million for Forced Growth and $9.3 million for Other Initiatives. Other adjustments include a non-cash charge of $22.5 million for a new method of disclosure for tax related revenues and $15.6 million for support to the Northwest Territories' Power Corporation (NWTPC) to minimize the financial impact to end users resulting from the NWTPC's General Rate Application. These increases are offset by $34.3 million in sunsets and other reductions.

Total revenues for the 2012-13 fiscal period are forecast to be $1.521 billion, which is an 11.93% increase from the 2011-12 Main Estimates. The GNWT will continue to rely on federal transfers for the bulk of its revenues. However, demands for programs and services and infrastructure will continue to place pressure on expenditures.

Operation Expenditures ($000)

	2011-12 Main Estimates	Transfers and Restatements	Sunsets	Reductions	Initiatives	Other Adjustments	Forced Growth	Amortization Requirements	2012-13 Main Estimates	Increse /(Decrease)	Percent Change
LA	18,917	627	(1,802)	(708)	340		1,396	(9)	**18,761**	(156)	-0.82%
Executive Offices	15,070	(1,065)	(599)	-	-	9,301	155		**22,862**	7,792	51.71%
Human Resources	42,421	-	(340)	-	-		392	323	**42,796**	375	0.88%
AAIR	7,619	-	(310)	-	-		-	(5)	**7,304**	(315)	-4.13%
Finance	39,609	-	(3,014)	-	-	38,215	1,848	5	**76,663**	37,054	93.55%
NWTHC	61,175	325	(2,362)	-	2,873		3,447		**65,458**	4,283	7.00%
MACA	93,335	-	(908)	-	647	(110)	2,581	(12)	**95,533**	2,198	2.35%
PW&S	92,988	(506)	(720)	-	-		1,507	-	**93,269**	281	0.30%
H&SS	344,505	(325)	(9,585)	-	500	7,883	5,903	(357)	**348,524**	4,019	1.17%
Justice	106,206	438	(716)	(670)	613		7,729	6	**113,606**	7,400	6.97%
ECE	285,895	(148)	(1,934)	-	150		4,954	(330)	**288,587**	2,692	0.94%
DOT	110,777	-	(2,868)	-	142	8,166	1,198	3,000	**120,415**	9,638	8.70%
ITI	53,326	-	(5,164)	(1,500)	2,390		444	64	**49,560**	(3,766)	-7.06%
ENR	67,493	-	(3,995)	(285)	1,655		755	70	**65,693**	(1,800)	-2.67%
	1,339,336	**(654)**	**(34,317)**	**(3,163)**	**9,310**	**63,455**	**32,309**	**2,755**	**1,409,031**	**69,695**	**5.20%**

Elements of Change in Operation Expenses ($000)

	2011-2012 MAIN ESTIMATES	PROPOSED 2012-13 MAIN ESTIMATES	INCREASE (DECREASE) FROM 2011-2012 MAIN ESTIMATES	PERCENTAGE CHANGE FROM 2011-2012 MAIN ESTIMATES	RECLASSIFICATION ADJUSTMENTS	PERCENTAGE CHANGE FROM 2011-2012 MAIN ESTIMATES
Legislative Assembly	18,917	18,761	**(156)**	**(0.82%)**	-	**(0.82%)**
Executive Offices	15,070	22,862	**7,792**	**51.71%**	-	**51.71%**
Human Resources	42,421	42,796	**375**	**0.88%**	-	**0.88%**
Aboriginal Affairs and Intergovernmental Relations	7,619	7,304	**(315)**	**(4.13%)**	-	**(4.13%)**
Finance	39,609	76,663	**37,054**	**93.55%**	**(22,515)**	**36.71%**
NWT Housing Corporation	61,175	65,458	**4,283**	**7.00%**	-	**7.00%**
Municipal and Community Affairs	93,335	95,533	**2,198**	**2.35%**	-	**2.35%**
Public Works and Services	92,988	93,269	**281**	**0.30%**	-	**0.30%**
Health and Social Services	344,505	348,524	**4,019**	**1.17%**	-	**1.17%**
Justice	106,206	113,606	**7,400**	**6.97%**	-	**6.97%**
Education, Culture and Employment	285,895	288,587	**2,692**	**0.94%**	-	**0.94%**
Transportation	110,777	120,415	**9,638**	**8.70%**	**(8,166)**	**1.33%**
Industry, Tourism and Investment	53,326	49,560	**(3,766)**	**(7.06%)**	-	**(7.06%)**
Environment and Natural Resources	67,493	65,693	**(1,800)**	**(2.67%)**	-	**(2.67%)**
	1,339,336	**1,409,031**	**69,695**	**5.20%**	**(30,681)**	**2.91%**